



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** OCTOBER 5, 2021

**TO:** CITY COUNCIL / CITY MANAGER

**SUBMITTED BY:** STEVE DANLEY, ACTING CITY MANAGER

**PREPARED BY:** ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES  
RAMONA CASTAÑEDA, REVENUE MANAGER

**SUBJECT:** ENTERPRISE RESOURCE PLANNING CONSULTING SERVICES

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### **SUMMARY**

Consideration of Professional Services Agreement (PSA) with KOA Hills Consulting Services, LLC (KOA Hills) to support cashiering, utility billing and general billing software applications implementation to Tyler Technologies Software as a Service (SaaS), as well as support interfacing Tyler Technologies with the general ledger within Central Square's Finance Enterprise system (Finance Enterprise).

### **RECOMMENDATION**

1. Approve \$482,275 Professional Services Agreement with KOA Hills and authorize City Manager, or designee, to execute and administer the agreement, in a form approved by the City Attorney.
2. Approve additional \$96,455 Enterprise Resource Planning software implementation contingency, which equals 20 percent of total proposed cost.
3. Authorize necessary Fiscal Year 2021-22 budget transfers and appropriations for Year 1 costs from the following funds: \$83,916 Water Fund, \$43,405 Sewer Fund, \$43,405 Sanitation Fund, \$43,405 Refuse Fund and \$8,681 Airport Fund.
4. Authorize Director of Administrative Services to issue change orders within budget.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

## FISCAL IMPACT

The estimated cost of the 18 to 24-month implementation period totals approximately \$578,730 (KOA Hills \$482,275 + \$96,455 additional contingency). For the Year 1 estimated total cost of \$300,000, staff requests budget transfers and appropriation from the following enterprise funds of 29% Water Fund, 15% Sewer Fund, 15% Sanitation, 15% Refuse Fund and 3% Airport Fund to the Information Technology Internal Service Fund. This project does not require a General Fund transfer for Year 1, as the Information Technology Fund (Fund 68) will utilize operating savings to cover the General Fund's 23% allocation of cost. Staff will incorporate Year 2 costs into the FY 2022-23 respective fund budgets through the budget development process.

## DISCUSSION

### Background

On March 2, 2021, City Council approved an agreement with Tyler Technologies, Inc. as a solution for the cashiering, utility billing and general billing software applications. The City requires consulting services to transition from the three disparate existing software applications to the new Tyler Technologies software and support the interfaces with the City's general ledger module within the existing Central Square's Finance Enterprise system Enterprise Resource Planning (ERP). The consultant would provide data conversion services, interface support, training services, act as a project manager and lead change management efforts. The City seeks professional support for all facets of the implementation of the Tyler Technologies products and interface / integration with the City's other software such as Finance Enterprise, EnerGov, Rec 1 (Civic Plus), Bibliotheca and eVanced.

The KOA Hills Project Manager advocate for the City, serving as point person for all implementation activities and will work hand-in-hand with Tyler Technologies to coordinate all activities and schedules to ensure they successfully meet project goals. The KOA Hills Change Manager will work with the Project Manager to help employees understand the changes and work effectively during the software system transition.

Data conversion is key to a successful transition. KOA Hills data conversion staff will begin by profiling and auditing all source data resulting in preparation of a realistic budget, scope of work, resource plan and timeline based on data issues. Data validation will ensure clean data prior to converting it into the new system through a process of removing inaccuracies, unknowns and data redundancies. Success of the new software system relies on the retention of historical data while avoiding conflicts with future standards.

KOA Hills will also support software interfaces between Tyler Technologies and Finance Enterprise, EnerGov, Rec 1 (Civic Plus), Bibliotheca and eVanced systems. KOA Hills will support training efforts by identifying any training gaps, assist staff with additional training and develop documentation and materials for staff to review and use on an on-going basis.

The City does not have internal Information Technology staff with the requisite education, training and experience necessary to manage the project, lead and manage data conversion and interface / integration support services. The consultant will provide these services as well as lead and coordinate change management which primarily consists of training efforts. The consultant will act in the best interest of the City to coordinate a successful transition from the existing software applications to Tyler Technologies.

The Tyler Technologies implementation is scheduled to begin November 1, 2021 with an anticipated implementation timeline of approximately 18 to 24 months. In anticipation of the November 1<sup>st</sup> implementation start date, work has begun to coordinate installation of the SaaS on the City's network.

#### ERP Consultant Selection

The City issued a Request for Qualifications (RFQ) in June 2021. The City received four responses. Staff evaluated and scored the responses in accordance with criteria set forth in the RFQ. The City invited the top two proposers to an interview and checked professional references. Based on the proposals, interviews and reference checks, the City selected KOA Hills.

The consultant's proposed fee is \$482,275 over the estimated 18 to 24-month implementation period. The City requests an additional \$96,455 contingency appropriation to the cost of ERP implementation support for a total of \$578,730. The City will only use the additional contingency if warranted by unanticipated circumstances as the City transitions from the existing cashiering, utility billing and general billing software applications provided by three different vendors to one integrated system.

#### Consulting Services Cost Allocation

The funding allocation for ERP consulting services to support the Tyler Technologies implementation mirrors the net distribution percentages by which the City allocates the Tyler Technologies SaaS. The allocation to the various funds is as follows: 23% General Fund, 29% Water Fund, 15% Sewer Fund, 15% Sanitation Fund, 15% Refuse Fund and 3% Airport Fund.

The budget request in this agenda item covers the Year 1 \$289,365 cost. Staff requests budget adjustments and transfers from the enterprise funds to the Information Technology Internal Service Fund. Professional services cost savings in the Information Technology Internal Service Fund will cover the Year 1 General Fund allocation with no further General Fund appropriations required for Year 1 costs. Staff will include Year 2 costs will in the FY 2022-23 proposed budget.

The PSA with KOA Hills totals \$482,275. Staff included a \$96,455 contingency in the appropriation request for a \$578,730 total estimated implementation cost to address any potential cost overruns with respect to data conversion and interface / integration with Finance Enterprise as well as the City's other software applications and to establish payment processing at various locations throughout the City.

The following table shows the total anticipated implementation services cost detailed in the PSA and distribution of additional contingency:

<b>Fund</b>	<b>% Allocation</b>	<b>KOA Hills PSA</b>	<b>Additional Contingency</b>	<b>Total</b>
General Fund	23%	\$110,923	\$22,185	\$133,108
Water	29%	139,860	27,972	167,832
Sewer	15%	72,341	14,468	86,809
Sanitation	15%	72,341	14,468	86,809
Refuse	15%	72,341	14,468	86,809
Airport	3%	14,469	2,894	17,363

<b>Total</b>	<b>100%</b>	<b>\$482,275</b>	<b>\$96,455</b>	<b>\$578,730</b>
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### Budget Request

Staff will spread the cost of consultant services across the following funds utilizing the same percentage allocation as the ERP utility billing software costs: 23% General Fund, 29% Water Fund, 15% Sewer Fund, 15% Sanitation Fund, 15% Refuse Fund and 3% Airport Fund. The enterprise funds have sufficient fund balance to absorb the appropriation request. The Information Technology Internal Service Fund will absorb the General Fund's allocation from FY 2021-22 professional services savings.

Staff will distribute the total anticipated implementation services cost, including contingency, as follows:

<b>Fund</b>	<b>% Allocation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
General Fund	23%	\$66,554 *	\$66,554	\$133,108
Water	29%	83,916	83,916	167,832
Sewer	15%	43,405	43,404	86,809
Sanitation	15%	43,405	43,404	86,809
Refuse	15%	43,405	43,404	86,809
Airport	3%	8,681	8,682	17,363
<b>Total</b>	<b>100%</b>	<b>\$289,366</b>	<b>\$289,364</b>	<b>\$578,730</b>

\* Year 1 General Fund costs absorbed within the FY 2021-22 Information Technology Fund budget.

### Attachments:

- Attachment 1 – Presentation
- Attachment 2 – Professional Services Agreement with KOA Hills Consulting Services